

**STATEMENT ON SUNSETTING OF GENERATOR TAX
FINANCE COMMITTEE**

Monday, March 4, 2013, 10:30 a.m.

The MetroHartford Alliance is the Region's economic development leader and the City's Chamber of Commerce. Our investors include businesses of all sizes, health care providers, institutions of higher education, and municipalities, and our mission is to ensure that the Region competes aggressively and successfully for jobs, capital, and talent. As part of that mission, we also focus on actions that will accelerate Connecticut's efforts to achieve a full employment and economic recovery. Accordingly, we appreciate the opportunity to submit this testimony to urge the Finance Committee to ensure that the tax imposed in 2011 on Connecticut energy producers expires as scheduled on June 30, 2013.

To address the revenue challenges in the biennial budget for FY'12 and FY'13, the Legislature established a tax on coal, gas, oil, and nuclear electric generators making Connecticut the only state in the country with such a tax. In adopting the tax, the Legislature anticipated that it would generate approximately \$70 million in revenue and stipulated that the tax would sunset on June 30, 2013.

The biennial budget proposed for FY'14 and FY'15 reinstitutes the generator tax. Such an extension, if implemented, will have two significant and negative impacts on the aforementioned economic and employment recovery efforts. First, the tax is estimated to increase wholesale electric prices by over \$100 million during the two fiscal years, a cost that will ultimately be borne by business and residential ratepayers and thereby retard hiring by the former and consumer purchases by the latter.

As importantly, it is a fact of economic life that private sector entities weigh the dependability and predictability of state tax structures in making hiring and location decisions. Extending the generator tax will clearly undermine Connecticut's credibility regarding the dependability and predictability of its tax structure and thereby impede our ability to accelerate an employment and economic recovery.

For both reasons, we urge the Committee to ensure that the generator tax expires as scheduled on June 30, 2013 and is not reinstituted in the FY'14 and FY '15 budget.